Financial Aspects of Career Planning

Money Management: Financial Statements and Budgeting

One of the most important economic concept: opportunity cost: selecting alternative means you give up something else such as saving and investing for the future reduce the amount you can spend now.

Personal Financial Statements for Measuring Financial Progress

Personal Balance Sheet as of Current Date

 Assets
 Liquid assets
 Checking account balance
 Saving/money market accounts
 Cash value of life insurance
    Total liquid assets

 Real Estate
 Current market value of home

 Personal Possessions
 Market value of automobile
 Furniture and appliances
 Stereo and video equipment
 Home computer
 Jewelry
    Total household assets

 Investment Assets
 Retirement accounts
 Mutual funds
    Total investment assets
    Total assets
Liabilities

Current Liabilities
Medical bills
Charge account and credit card balances
Balance due on auto loan
  Total current liabilities

Long-Term Liabilities
Mortgage
Home improvement loan
Student loan
  Total long-term liabilities
  Total liabilities

Net worth (assets minus liabilities)
Cash Flow Statement for the Month Ended (Current Date)

**Income (cash inflows)**

Interest earned on savings
Earnings from investments
Salary, wages (gross)

Less deductions
- Tithe
- Federal Income Tax
- State Income Tax
- Social Security
- Total Deductions

Other
- Total Income

**Cash outflows**

**Fixed Expenses**

**Housing**
- Rent (mortgage)
- Insurance (may be included in mortgage)
- Taxes (may be included in mortgage)
- Sanitation
- Internet/Cable
- Other

**Automobile**
- Loan payment
- Insurance
- License/Taxes
- Other

**Loans & Notes**

**Monthly train/bus ticket**

**Insurance**
- Life insurance
- Medical insurance
- Other

**Apartment insurance (if renting)**
- Total fixed outflows
Variable Expenses
Credit Card (interest charge changes monthly even if principle is unchanged)
Housing
  Telephone
  Electricity
  Gas
  Water
  Maintenance
Food
  Food at home
  Food away from home
Clothing
Automobile
  Gas & Oil
  Maintenance/Repair/Replace
Personal care (dry cleaning, laundry, cosmetics)
Medical expenses
  Doctor
  Dentist
  Drugs
  Other
Recreation/entertainment
Baby Sitters
Miscellaneous
  Gifts (including Christmas)
  Subscriptions
  Other
School/Child Care
  Tuition
  Materials
  Transportation
  Day Care
Donations
  Total variable outflows
  Total outflows
Cash surplus + (or deficit-)

Allocation of Surplus
Emergency fund savings
Savings for short-term /intermediate financial goals
Savings/investing for long-term financial security
  Total surplus

Necessary but not sufficient for Financial Success